

HAHN DEPARTMENT STORES, INC.

ANNUAL REPORT

For Fiscal Year Ended January 31, 1933

HAHN DEPARTMENT STORES, INC.

1440 BROADWAY

NEW YORK

DIRECTORS

LEW HAHN

Chairman of the Board

CLARENCE J. DAUPHINOT

Frederic H. Hatch & Co., Inc., New York, N. Y.

S. W. DITTENHOFFER

The Golden Rule, St. Paul, Minn.

ADOLPH EHRLICH

C. F. Hovey Company, Boston, Mass.

H. H. LANDAUER

The Titcher-Goettinger Company, Dallas, Texas

HAROLD M. LEHMAN

Lehman Bros., New York, N. Y.

PAUL M. MAZUR

Lehman Bros., New York, N. Y.

G. W. MITTON

Jordan Marsh Company, Boston, Mass.

RICHARD MITTON

Jordan Marsh Company, Boston, Mass.

BERT A. POLSKY

The A. Polsky Company, Akron, Ohio

PAUL QUATTLANDER

President

JUSTIN A. ROLLMAN

The Rollman & Sons Company, Cincinnati, Ohio

EUSTACE SELIGMAN

Sullivan & Cromwell, New York, N. Y.

S. V. SILVERTHORNE

L. S. Donaldson Company, Minneapolis, Minn.

HAROLD J. SZOLD

Lehman Bros., New York, N. Y.

OFFICERS

PAUL QUATTLANDER - - - - - President

S. W. DITTENHOFFER - - - - - Vice-President

BERT A. POLSKY - - - - - Vice-President

EDWARD R. MITTON - - - Vice-President in Charge of Merchandising

WILLIAM W. KIRK - - Vice-President, Assistant in Charge of Merchandising

SIDNEY E. GOLTRA - - - Vice-President in Charge of Operations

ARTHUR C. HALLAN - - - Secretary and Treasurer

MARVIN D. WATERS - - - Assistant Treasurer

TRANSFER AGENT

Preferred and Common Stocks

THE COMMERCIAL NATIONAL BANK AND TRUST COMPANY OF NEW YORK - - 56 Wall Street, New York, N. Y.

REGISTRARS

Preferred Stock

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK,
11 Broad Street, New York, N. Y.

Common Stock

THE NEW YORK TRUST COMPANY,
100 Broadway, New York, N. Y.

HAHN DEPARTMENT STORES, INC.

1440 BROADWAY
NEW YORK

March 27, 1933.

EXECUTIVE OFFICES

TO THE STOCKHOLDERS:

Herewith is submitted the annual report of Hahn Department Stores, Inc. and subsidiary companies for the fiscal year ended January 31, 1933, the income statement of which shows that operations for the year resulted in a loss of \$3,747,255, after depreciation and all other charges.

Sales decreased 21.7% from the prior year; the number of sales transactions decreased 5.7%. Operating expenses were further reduced \$4,805,925 during the year. Inventories were reduced 24.1% and accounts receivable-customers were reduced 25.7%. In the opinion of Management, the merchandising stocks are in excellent condition as are accounts receivable-customers, for which adequate reserves have been provided.

The Corporation is in a strong financial position with the balance sheet showing cash and United States Government and New York State bonds of \$6,264,300, an increase of \$1,709,606 over January 31, 1932. The ratio of current assets to current liabilities is 7.74 to 1 as against 7.23 to 1 as at January 31, 1932.

Surplus at January 31, 1933 was \$2,450,939. Your Board of Directors recommends the reduction of the capital of the Corporation represented by its no par value common stock from \$9,869,373 (\$7.26 per share) to \$1,357,489 (\$1.00 per share). This reduction will not change the number of outstanding shares of common stock nor affect the rights of the common stockholders. This will increase the total surplus account to \$10,962,823.

During the year, 5,400 shares of the Corporation's 6½% preferred stock were purchased for the treasury at a total cost of \$67,830, increasing the number of shares of said stock in the treasury to 21,868.

Respectfully submitted,


President.

HAHN DEPARTMENT STORES, INC.

Consolidated Balance Sheet —

ASSETS

Current:

Cash	\$ 4,240,399.19	
Marketable Securities and Accrued Interest:		
United States Government and New York		
State Bonds (Market \$2,030,287.42) ..	\$2,023,900.99	
Other Bonds (Market \$7,483.33)	6,620.83	2,030,521.82
Accounts Receivable — Customers (less		
reserve of \$1,605,191.12)		8,538,114.93
Accounts Receivable from Lessors, Vendors and for		
Rents; Local and State Warrants, etc. (less reserve of		
\$20,525.00)		356,174.09
Merchandise Inventories (including \$542,343.59 for mer-		
chandise in transit)		8,918,477.40
Total Current Assets		\$24,083,687.43

Other:

Sundry Deposits and Advances	\$ 441,744.26	
Miscellaneous Securities, Notes, Accounts, etc. (less reserve		
of \$177,424.43)	81,504.30	
Total Other Assets		523,248.56

Permanent:

Land	\$11,952,342.93	
Buildings, Store Fixtures and Equipment ..	\$14,812,079.27	
Less: Reserve for Depreciation	5,818,047.43	8,994,031.84
Total Permanent Assets		20,946,374.77

Deferred:

Expense Materials and Prepaid Expenses, etc.	559,128.58
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Good Will and Other Intangible Assets	1.00
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\$46,112,440.34

HAHN DEPARTMENT STORES, INC.
New York, N. Y.

We examined the books of account and record pertaining to the companies as at January 31, 1933, and we also made a general review of the inventories of merchandise were certified to us by the store management as being at or lower of cost or market.

We hereby certify that, in our opinion, based on our examination, the combined financial condition of HAHN DEPARTMENT STORES, INC. as shown by the dated income and surplus accounts show respectively the results of operations for the year ended January 31, 1933.

March 27, 1933.

S, INC. AND SUBSIDIARIES

— January 31, 1933

LIABILITIES

Current:

Accounts Payable and Accrued Accounts, including State and Local Taxes	\$ 2,973,367.61	
Installments on Mortgages, Mortgage Bonds and Long Term Notes of Subsidiaries — Due 1933	137,500.00	
Total Current Liabilities		\$ 3,110,867.61

Real Estate Mortgages, Mortgage Bonds and Long Term Notes of Subsidiaries	7,863,750.00	
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Reserves:

For Contingencies	\$ 987,080.77	
Miscellaneous	283,529.90	
Total Reserves		1,270,610.67

Capital and Surplus:

Preferred Stock — Par Value \$100.00		
Authorized	\$58,536,800.00	
Issued: 6½% Convertible	\$23,733,700.00	
Less: In Treasury	2,186,800.00	\$21,546,900.00

Common Stock — Without Par Value		
Authorized * 2,500,000 shares		
Issued: 1,357,489 shares	9,869,373.50	
Surplus	†2,450,938.56	

Total Capital and Surplus	33,867,212.06	
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* Including 474,674 shares reserved for conversion of 6½% Convertible Preferred Stock and 100,000 shares reserved for sale under options.

† Upon the basis of treating \$2,186,800.00 par value 6½% Convertible Preferred Stock in the treasury as though retired.

Dividends on the 6½% Convertible Preferred Stock have been paid to December 31, 1931. As of January 31, 1933, the Corporation was in default to the extent of \$572,646.83 under its charter obligation to retire preferred stock, against which it may at any time apply the preferred stock now in its treasury at then current market values.

Contingent liabilities:

As guarantor of subsidiary company's obligation to purchase at least \$40,000 of Lessor's lease trust certificates by January 31, 1937.

Unused foreign letter of credit balances, etc. aggregating \$92,709.52, and in addition, there was a non-cumulative revolving letter of credit for \$50,000.00 weekly.

\$46,112,440.34

and liabilities of HAHN DEPARTMENT STORES, INC. and subsidiary companies, and income and surplus accounts for the year ended on that date. The information submitted to us, the foregoing consolidated balance sheet and subsidiary companies at the date stated and the related consolidated changes in surplus for the fiscal year ended January 31, 1933.

ERNST & ERNST,
Public Accountants.

HAHN DEPARTMENT STORES, INC. AND SUBSIDIARIES

Statement of Consolidated Operations for the Fiscal Year Ended January 31, 1933

NET SALES (including leased departments) \$70,865,243.04

Deduct:

Cost of goods sold and selling, operating and administrative expenses 73,577,397.22

Net Operating Loss Before Depreciation \$ 2,712,154.18

Add:

Provision for depreciation \$1,038,940.36

Interest charges 288,937.44

\$1,327,877.80

Less: Other Income (net) 292,776.90 1,035,100.90

Consolidated Net Loss Carried to Surplus \$ 3,747,255.08

Statement of Consolidated Surplus for the Fiscal Year Ended January 31, 1933

Consolidated Surplus, January 31, 1932 \$ 5,726,023.64

Add:

Excess of par over cost of 6½% Preferred Stock acquired during the year .. 472,170.00

\$ 6,198,193.64

Deduct:

Consolidated net loss, as above 3,747,255.08

Consolidated Surplus, January 31, 1933 *\$ 2,450,938.56

* Upon the basis of treating \$2,186,800.00 par value 6½% Convertible Preferred Stock in the treasury as though retired.

STORES OWNED BY HAHN DEPARTMENT STORES, INC.

JORDAN MARSH COMPANY	-	-	-	-	-	-	-	Boston, Mass.
C. F. HOVEY COMPANY	-	-	-	-	-	-	-	Boston, Mass.
L. S. DONALDSON COMPANY	-	-	-	-	-	-	-	Minneapolis, Minn.
THE BON MARCHÉ	-	-	-	-	-	-	-	Seattle, Wash.
THE GOLDEN RULE	-	-	-	-	-	-	-	St. Paul, Minn.
THE ROLLMAN & SONS COMPANY	-	-	-	-	-	-	-	Cincinnati, Ohio
JOSKE BROS. CO.	-	-	-	-	-	-	-	San Antonio, Texas
HERPOLSHEIMER COMPANY	-	-	-	-	-	-	-	Grand Rapids, Mich.
THE TITCHE-GOETTINGER COMPANY	-	-	-	-	-	-	-	Dallas, Texas
O'NEILL & COMPANY, INCORPORATED	-	-	-	-	-	-	-	Baltimore, Md.
QUACKENBUSH COMPANY	-	-	-	-	-	-	-	Paterson, N. J.
THE A. POLSKY COMPANY	-	-	-	-	-	-	-	Akron, Ohio
THE MOREHOUSE-MARTENS COMPANY	-	-	-	-	-	-	-	Columbus, Ohio
THE JAMES BLACK DRY GOODS COMPANY	-	-	-	-	-	-	-	Waterloo, Iowa
RUDGE & GUENZEL COMPANY	-	-	-	-	-	-	-	Lincoln, Nebr.
MAAS BROTHERS, INC.	-	-	-	-	-	-	-	Tampa, Florida
THE MEYER'S COMPANY	-	-	-	-	-	-	-	Greensboro, N. C.
THE L. H. FIELD COMPANY	-	-	-	-	-	-	-	Jackson, Mich.
F. N. JOSLIN COMPANY	-	-	-	-	-	-	-	Malden, Mass.
THE MULLER COMPANY, LIMITED	-	-	-	-	-	-	-	Lake Charles, La.
LOUIS SAMLER, INC. (THE BON TON)	-	-	-	-	-	-	-	Lebanon, Pa.

A. E. TROUTMAN COMPANY

A. E. TROUTMAN COMPANY	-	-	-	-	-	-	-	Greensburg, Pa.
A. E. TROUTMAN COMPANY	-	-	-	-	-	-	-	Indiana, Pa.
THE TROUTMAN COMPANY	-	-	-	-	-	-	-	Connellsville, Pa.
THE TROUTMAN COMPANY	-	-	-	-	-	-	-	Dubois, Pa.
S. P. REED CO.	-	-	-	-	-	-	-	Latrobe, Pa.
ALF. M. REIBER & BRO. CO.	-	-	-	-	-	-	-	Butler, Pa.